

GLOBAL MARKETS

WEEKLY MARKET BRIEF

**Highlights.**

U.S. equities posted strong gains for a second consecutive week, supported by signs of easing tensions in the Middle East and a sharp decline in oil prices, which lifted investor sentiment. All major indexes rose more than 3% over the week, with the Nasdaq Composite leading the advance, up 4.45% while the S&P 500 added 3.56%. Within the S&P 500, energy was the only sector to decline, while consumer discretionary, communication services, and information technology stocks led the gains. Markets began cautiously as investors tracked escalating rhetoric between the U.S. and Iran, including concerns over energy infrastructure and shipping routes such as the Strait of Hormuz. Sentiment shifted midweek following reports of a two-week ceasefire framework and ongoing diplomatic talks, sparking a broad rally in risk assets. Oil prices, which had surged in prior weeks, dropped sharply—marking their steepest daily fall since 2020. Additional headlines suggesting possible negotiations involving Israel and Lebanon further supported equities, although uncertainty remained elevated. At the same time, optimism surrounding artificial intelligence also fuelled gains, particularly among large-cap technology and semiconductor companies, as investors focused on rising computing demand, upcoming model releases, and continued infrastructure investment. On the macroeconomic front, data showed that inflation picked up in March. The consumer price index rose 3.3% year over year, up from 2.4% in February and the fastest pace since May 2024, largely driven by higher gasoline prices. The Federal Reserve's preferred measure, the core personal consumption expenditures index, edged down slightly to 3.0% year over year in February. Personal income declined 0.1% during the month after a prior increase. Meanwhile, U.S. economic growth estimates were revised lower. Fourth-quarter 2025 GDP growth was adjusted down to an annualized rate of 0.5% from 0.7%, mainly due to weaker investment. Moving across the Atlantic Pond, European stocks joined in the rally, with the STOXX Europe 600 Index rising 3.99% marking a 3-week streak of gains, supported by news of the U.S.–Iran ceasefire agreement. Major indexes across Germany, Italy, France, and the UK all posted gains, in the holiday-shortened week as markets were closed on Monday for Easter. However, economic concerns persisted. The European Union signalled that it may downgrade its 2026 growth outlook, warning of a potential stagflationary environment driven by slower growth and rising inflation linked to the conflict. In Asia, Japanese equities rebounded sharply, led by a relief rally in technology and export-oriented stocks following the ceasefire news. The Nikkei 225 surged over 7%, while the TOPIX also posted solid gains. However, despite falling oil prices, concerns about energy supply disruptions persisted. The government announced plans to release additional oil reserves to stabilize supply and limit the domestic impact of higher energy costs. Finally, Chinese markets advanced during the shortened trading week, supported by optimism over easing geopolitical tensions and improving producer price data. In a notable political development, President Xi Jinping hosted Taiwan opposition leader Cheng Li-wun in Beijing, emphasizing the goal of eventual unification. The meeting comes amid heightened cross-strait tensions and ahead of a planned visit by U.S. President Donald Trump to China.

Data highlights: USD Inflation Rate YoY (Mar) rose +90bps, from 2.4% to 3.3%, in line with expectations. USD Core Inflation Rate YoY (Mar) rose +10bps, from 2.5% to 2.6%, 10bps less than the expected 2.7% landing. USD Core PCE Price Index YoY (Feb) rose +10bps, from 0.3% to 0.4%, in line with expectations. USD GDP Growth Rate QoQ (Q4) fell -390bps, from 4.4% to 0.5%, 20bps less than the expected 0.7%. CAD Unemployment Rate (Mar) stayed still at 6.7%, while consensus had wrongly priced a +10bps increase to 6.8%. EUR PPI YoY (Feb) fell -100bps, from -2% to -3%, in line with expectations. JPY PPI YoY (Mar) rose +50bps, from 2.1% to 2.6%, +20bps more than the expected 2.4%. CNY PPI YoY (Mar) rose +140bps, from -0.9% to 0.5%, +10bps more than the expected 0.4%. CNY Inflation Rate YoY (Mar) fell -30bps, from 1.3% to 1%, -20bps less than the expected 1.2% landing.

Week ahead: CNY Imports YoY (Mar), CNY Exports YoY (Mar), USD PPI YoY (Mar), USD Core PPI YoY (Mar) - Tuesday | AUD Unemployment Rate (Mar), CNY Unemployment Rate (Mar), CNY GDP Growth Rate YoY (Q1), CNY GDP Growth Rate QoQ (Q1), GBP GDP YoY (Feb), EUR CPI (Mar), EUR Inflation Rate YoY (Mar), EUR Core Inflation Rate YoY (Mar), USD Initial Jobless Claims (Apr), USD Continuing Jobless Claims (Apr) - Thursday

Global Markets Overview

Treasury yields: The US 10-year Treasury yield edged higher to 4.32%, pulling away from recent three-week lows as investors balanced geopolitical developments with fresh economic data. Hopes of de-escalation in the Middle East—highlighted by planned US-Iran talks in Pakistan and renewed dialogue between Israel and Lebanon—offered some relief, though the inflationary impact of the conflict is already feeding through. US consumer prices jumped 0.9% in March, the fastest monthly pace since June 2022, lifting annual inflation to 3.3%, while core CPI rose more moderately to 2.6%. At the same time, consumer sentiment fell to a record low and inflation expectations surged, prompting markets to largely rule out near-term Fed easing, even as some economists still pencil in cuts later in the year. In the UK, the 10-year gilt yield held near multi-year highs at 4.84%, reflecting persistent inflation concerns driven by elevated oil prices. Markets are increasingly leaning toward a more hawkish Bank of England stance, with at least one rate hike now priced in by end-2026.

Equities: US equities hovered near five-week highs, holding onto strong weekly gains as markets cautiously welcomed signs of easing geopolitical tensions, even as underlying risks persisted. A fragile two-week ceasefire across the Middle East helped support sentiment, though the continued closure of the Strait of Hormuz and ongoing clashes between Israel and Hezbollah in Lebanon underscored the potential for renewed volatility ahead of scheduled negotiations in Pakistan. Risk appetite improved, lifting speculative technology stocks, while financials lagged slightly ahead of upcoming earnings releases. For the week, the S&P 500 surged 3.56%, marking its strongest performance since November, alongside a 4.45% jump in the Nasdaq Composite and a 3.07% gain in the Dow Jones Industrial Average. In Europe, Germany's DAX 40 closed at 23,804, extending earlier gains to finish the week up 2.74%, as investors monitored diplomatic developments, including upcoming US-Iran talks and Israel's engagement with Lebanon's government, both seen as tentative steps toward de-escalation.

Currencies: The U.S. Dollar Index slipped to 98.65, posting a 1.38% weekly decline, as investors balanced easing geopolitical optimism with rising inflation concerns following the latest US CPI data. Despite this, markets see limited scope for Fed rate cuts in 2026, even as some economists still anticipate easing later in the year. Meanwhile, the British pound strengthened to \$1.3462, its highest level since late February, gaining 1.97% on the week amid optimism over a potential breakthrough in Ukraine-Russia peace talks and a cautious tone ahead of US-Iran negotiations. While Donald Trump struck a mixed tone—balancing optimism with warnings over Iran's shipping fees—the persistence of elevated energy prices has reinforced expectations of tighter policy from the Bank of England, with markets now pricing in at least one rate hike by end-2026.

Commodities: Gold extended its rally, edging up to \$4,750 per ounce for a third consecutive weekly gain, rising 1.56% as a softer U.S. Dollar Index and growing expectations of earlier rate cuts enhanced the appeal of non-yielding assets. Investor focus remained firmly on upcoming US-Iran talks in Islamabad, with cautious optimism supported by a two-week ceasefire that helped ease oil prices and inflation concerns. Physical demand trends were mixed, with buying interest strengthening in India ahead of a key festival, while premiums in China narrowed amid softer retail demand. Meanwhile, WTI crude oil traded at \$96.57 per barrel, experiencing volatile swings but ultimately recording its largest weekly decline in nine months, down 13.42%, as tentative optimism around a potential de-escalation in the Middle East emerged. Nonetheless, the Strait remains largely constrained, with Iran reportedly considering charging vessels for passage, while Saudi Arabia flagged supply disruptions—cutting output capacity by 600,000 barrels per day and reducing East-West Pipeline throughput by 700,000 bpd—keeping underlying energy risks firmly in focus.

Bond Yields	Close	% W/W	% YTD
US 10Y	4.32	0.28	3.60
Bund 10Y	3.06	2.21	7.11
Gilt 10Y	4.84	0.04	7.95
Japan 10Y	2.44	2.18	18.01

Indices	Close	% W/W	% YTD
S&P 500	6817	3.56	-0.42
EU Stoxx 600	634	3.99	3.53
FTSE 100	10601	1.57	6.74
Nikkei 225	56924	7.15	13.08

Currencies	Close	% W/W	% YTD
EURUSD	1.1723	1.77	-0.20
GBPUSD	1.3462	1.97	-0.10
USDJPY	159.27	-0.25	1.63
USD Index	98.65	-1.38	0.33

Commodities	Close	% W/W	% YTD
Gold	4750	1.56	9.96
Copper	588.60	5.42	3.59
WTI Crude	96.57	-13.42	68.18
Wheat	580.75	-4.72	9.32

Performance of Major Global Financial Assets

% Change.

W/W	0.3	2.2	0.0	2.2	-1.4	-0.2	3.6	4.5	4.1	2.7	1.6	7.2	3.1	-1.4	1.8	2.0	-0.3	-0.8	-3.3	-13.4	1.6	5.4	2.2	-4.7
MTD	0.0	1.8	-1.6	3.6	-0.1	-1.6	4.4	5.8	6.4	5.0	4.2	11.5	4.5	-1.3	1.5	1.8	0.3	-0.9	-3.1	-4.7	1.7	4.8	1.8	-7.3
YTD	3.6	7.1	7.9	18.0	4.8	8.2	-0.4	-0.5	2.3	-2.8	6.7	13.1	1.0	0.3	-0.2	-0.1	1.6	-2.3	-0.8	68.2	10.0	3.6	-9.2	9.3
	US 10Y	BUND 10Y	GILT 10Y	JAPAN 10Y	AUSSIE 10Y	ITALY 10Y	S&P 500	NASDAQ	EU STOXX 50	DAX INDEX	FTSE 100	NIKKEI 225	HANG SENG	USD INDEX	EURUSD	GBPUSD	USDJPY	USDCNY	USDZAR	WTI CRUDE	GOLD	COPPER	COFFEE	WHEAT
	GOV. BOND YIELDS						EQUITY INDICES						CURRENCIES				COMMODITIES							

KEY: -100%



+100%

Data Sources: Bloomberg, Investing.com, Trading Economics, T. RowePrice, Standard Investment Bank

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